

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JUNE 16, 2020**

ITEM 7

SUBJECT

CONSIDERATION OF A RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2020-21 CLEAN WATER STATE REVOLVING FUND (CWSRF) INTENDED USE PLAN (IUP), SUPPLEMENTAL INTENDED USE PLAN FOR THE ADDITIONAL SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF ACT OF 2019 (ASADRA), AND REVISED SMALL COMMUNITY GRANT FUND (SCG) PROGRAM GUIDELINES

DISCUSSION

The CWSRF Program provides low-cost financing for wastewater treatment and recycling, non-point source, estuary, storm water, and combined sewer system projects. The SCG Program compliments the CWSRF Program, by providing grants through Proposition 1, Proposition 68 and other sources to small disadvantaged communities and small severely disadvantaged communities for wastewater projects. In addition, on June 6, 2019 ASADRA was approved to provide additional funding to the CWSRF and Drinking Water State Revolving Fund programs to help water and wastewater systems recover from natural disasters that occurred in 2018 in California and other states.

The CWSRF IUP and the supplemental ASADRA IUP (together “the IUPs”) outline the State Water Board’s business plan for administering the CWSRF and the associated complementary funding programs (together “the Programs”) for state fiscal year (SFY) 2020-21, including revised SCG Program Guidelines required by Proposition 1 and Proposition 68. The CWSRF IUP explains the funding priorities associated with the CWSRF Program, and how the Division of Financial Assistance (DFA) intends to implement the CWSRF Program using the available funds and resources. The IUPs discuss DFA’s general funding approach, including applicable loan, grant and principal forgiveness terms.

The IUPs describe the federal and state requirements associated with the Programs and describe activities planned for SFY 2020-21 and measurements to monitor DFA’s performance in administering CWSRF and complimentary funds. The IUPs are required by federal statutes and regulations and will be included in the applications submitted to the United States Environmental Protection Agency (U.S. EPA) for the FFY 2020 CWSRF capitalization and ASADRA grants.

The CWSRF IUP also describes recent changes in the Programs to better manage the high demand for CWSRF and complementary funding programs. The CWSRF IUP establishes an updated sustainable loan funding target of approximately \$586 Million as well as a “Fundable List” of projects expected to receive assistance during the fiscal year.

DFA has provided stakeholders and interested parties an opportunity to comment on the draft SFY 2020-21 IUPs and revised SCG Program Guidelines. Additionally, staff conducted a public workshop to discuss the proposed IUPs and Guidelines. The workshop was held via Zoom due to social distancing requirements related to the Covid-19 virus. The Zoom meeting was webcast live on May 20, 2020, to allow stakeholders to participate remotely.

POLICY ISSUE

Should the State Water Board adopt:

The SFY 2020-21 CWSRF IUP, Supplemental ASADRA IUP and revised guidelines for the SCG Program?

FISCAL IMPACT

The SFY 2020-21 CWSRF IUP describes potential financing statewide. A fiscal impact of the proposed CWSRF funding for SFY 2020-21 is included in “Section III – Funding Capacity and Distribution of Funds” of the SFY 2020-21 CWSRF IUP.

Adoption of this resolution is necessary for the State Water Board to apply to U.S. EPA for a CWSRF Capitalization Grant estimated at \$113 million for FFY 2020 and ASADRA wastewater grant estimated at \$183,000.

REGIONAL BOARD IMPACT

Approving the SFY 2020-21 IUP will help municipalities and other eligible applicants finance projects to comply with Regional Water Quality Control Boards’ (Regional Water Board) discharge requirements, address Regional Water Boards’ enforcement orders, or contribute to Basin Plan goals.

STAFF RECOMMENDATION

The State Water Board should adopt:

The SFY 2020-21 CWSRF IUP, Supplemental ASADRA IUP and revised guidelines for the SCG Program.

RELATION TO OTHER POLICIES

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.”

State Water Board action on this item will also assist the Water Boards in reaching Goals 1, 2, 3, 4, and 5 of the Strategic Plan Update: to implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030; improve and protect

groundwater quality in high-use basins by 2030; increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, and ensure adequate flows for fish and wildlife habitat; comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes; and improve transparency and accountability by ensuring that the State Water Board's goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creating of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

Finally, State Water Board action on this item will support State Water Board Resolution No. 2017-0012, which was adopted on March 7, 2017 to establish a comprehensive and robust response to climate change that will support California's ongoing climate leadership. The State Water Board found that "given the magnitude of climate change impacts on California's hydrology and water systems, our response to climate change must be comprehensive and integrated into all Water Boards' actions."